CANADIAN POWER AND PAPER INVESTMENTS, LIMITED

355 ST. JAMES STREET WEST
MONTREAL
CANADA

Montreal, November 19th, 1936

To the Shareholders:

Your Directors submit the Annual Report of your Company for the year ended July 31st, 1936, including Balance Sheet and Statements of Profit and Loss and Surplus Accounts, which have been certified to by the Company's auditors, Messrs. P. S. Ross & Sons.

Debentures to the principal amount of $352,000 were purchased by the Company during the year and cancelled.

The Directors and Voting Trustees received no remuneration during the period under review.

Respectfully submitted on behalf of the Board,

J. ALDERIC RAYMOND,
President.

Diversification of Investments

Based on Current Values as at July 31st, 1936

	Bonds	*Preferred Stocks*	*Common Stocks*	*Total*
Government	2.81%	....	....	2.81%
Public Utilities	.43	24.26	29.66	54.35 (A)
Pulp and Paper	1.99	....	19.76	21.75 (B)
Foodstuffs and Beverages	3.40	1.98	.77	6.15
Mining and Smelting	....	....	5.84	5.84
Oil	....	2.24	1.49	3.73
Textile, Iron, Steel, Coal, etc	....	2.10	.85	2.95
Railroads and Real Estate	2.42	....	....	2.42
	11.05%	30.58%	58.37%	100%

(A) Consisting largely of Power Corporation of Canada, Limited.
(B) Consisting largely of Bathurst Power & Paper Company, Limited.

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CANADIAN POWER & PAPER INVESTMENTS, LIMITED

Statement of Profit and Loss Account
for the year ended 31st July, 1936

REVENUE			
Revenue from Investments		$ 91,534.67	
Bank interest		138.62	
Profit on exchange		107.61	
			$ 91,780.90
EXPENDITURE			
Audit fees		$ 350.00	
General expenses		1,110.92	
Insurance		310.99	
Legal expense		1,885.99	
Salaries—Clerical and Secretarial		960.00	
Taxes		1,293.30	
Trustee's, Transfer Agent's and Registrar's Fees		1,596.35	
INTEREST—On Call Loans	$14,692.77		
On Debentures	89,140.00	103,832.77	111,340.32
Loss from Operations for the year ended 31st July, 1936			$ 19,559.42

Statement of Deficit Account
for the year ended 31st July, 1936

Balance at debit 31st July, 1935	$112,583.09	
ADD: Prior period adjustment	50.00	$112,633.09
Loss from operations for the year ended 31st July, 1936		19,559.42
		$132,192.51
DEDUCT: Reduction in liability for debenture interest accrued to 31st July, 1935, resulting from purchase and cancellation during the year ended 31st July, 1936, of $352,000.00 principal amount of 5% debentures		44,000.00
Balance at Debit 31st July, 1936		$ 88,192.51

Statement of Capital Surplus Account
for the year ended 31st July, 1936

Balance at credit 31st July, 1935	$279,821.60
ADD: Discount on Debentures purchased and cancelled	178,809.45
	$458,631.05
DEDUCT: Loss resulting from sales of securities	499,751.14
Balance at Debit 31st July, 1936	$ 41,120.09

Auditors Certificate

CANADIAN POWER AND PAPER INVESTMENTS, LIMITED,
Montreal.

We have audited the accounts of Canadian Power and Paper Investments, Limited, for the year ended 31st July, 1936, and have obtained all the information and explanations we have required.

We certify that, in our opinion, the attached Balance Sheet is drawn up so as to set forth a true and correct view of the financial position of the Company at 31st July, 1936, and that the Profit and Loss and Deficit Accounts show the results from operations for the year ended the same date, according to the best of our information, the explanations given to us and as shown by the books of the Company.

(Signed) P. S. Ross & SONS,
Chartered Accountants.

MONTREAL, QUE., 11th September, 1936.

CANADIAN POWER & PAPER INVESTMENTS, LIMITED

Balance Sheet

as at 31st July, 1936

ASSETS

Cash in banks		$ 19,882.91
Investments at Cost:		
Bonds	$ 295,632.55	
Preferred Stocks	1,074,330.37	
Common Stocks	4,021,986.16	
		5,391,949.08
(The aggregate value of these investments at current prices at 31st July, 1936, was $2,276,077.27.)		
Accrued Interest on Investments		4,256.46
Prepaid Taxes, Insurance, etc.		1,612.28
Balance at debit of Capital Surplus		41,120.09
Deficit		88,192.51
		$5,547,013.33

LIABILITIES

Accounts Payable:		
Taxes	$ 1,990.00	
Other	233.33	$ 2,223.33
Interest accrued on outstanding Debentures from 1st February, 1933, to 31st July, 1936, payable in Canadian or U.S.A. Dollars or Sterling		311,990.00
5% Thirty-Year Debentures, Series "A", due 1st February, 1958		
Outstanding 31st July, 1935	2,134,800.00	
DEDUCT: Purchased and Cancelled	352,000.00	
Outstanding 31st July, 1936		1,782,800.00
Cumulative Preferred Shares (Redeemable at $52.50 a share):		
Authorized and Issued—50,000 Shares of No Par Value.... (of which 13,420 shares were in hands of transfer agent for distribution on a share for share basis to holders of 5% Cumulative Convertible Preferred Shares upon surrender thereof).		$2,500,000.00
Common Stock:		
Authorized and Issued—94,000 Shares of No Par Value..... (of which 8,618 27/50 shares were outstanding in excess of present requirements for distribution under terms of Supplementary Letters Patent dated 6th September, 1934).		950,000.00
		$5,547,013.33

Approved on behalf of the Board:

J. ALDERIC RAYMOND
E. R. BREMNER
COLIN W. G. GIBSON
} Directors.

CANADIAN POWER AND PAPER INVESTMENTS, LIMITED

Annual Report

as at 31st July, 1936

Head Office:
355 St. James Street West
Montreal
Canada